

Google: How does it work?

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In 1998, two Stanford University students, Larry Page and Sergey Brin, created Google, an Internet search engine. Their success was founded in the fact that they could quickly and efficiently deliver relevant search results to their users. Google was a well-developed system that could show immediate results, based on the top queries of their unique “page-rank” system. The page-rank system could easily read documents on the Internet, reporting back the page’s individual performances within certain criteria. Google’s page-rank system is a mathematical equation that brings together and defines three main areas of interest: content, backlinks, and outbound links, with the ultimate idea of determining a website’s “page-rank,” enabling the website to be pigeonholed into a ranking against all the millions of Internet sites in the world.

The content that Google looks at can be described as any words, information, or photos that are placed on a website to create a general topic. That is, simply put: all information included on any given site. The content then goes on to provide a base from which “keywords” can be pulled. Keywords are

the most specific words derived from the real purpose or content of your website. Keywords contain the composite meaning or definition of what your website is really all about.

Back-links are fairly simple; they are defined as any links pointing to your website from another website. They are called back-links because they simply go back to where they came from. The root of these links is from the original name of Google: **Backrub**—which literally meant that if you rubbed my back, I'll rub yours! In essence, Google was trying to determine who was an expert in any given field by who was confirming, from other places, that the website was really an expert on the subject.

Finally, Google likes to see that you are pointing to another site, or giving away back-links. Google believes that if your website is not an expert in a subject, then you might point people to the website that is an expert. The easier way to look at it is that your site is recommending someone else as a source of more important information.

If you look beyond what Google technically achieves with its search engine, it has molded itself as a strong company to follow in the marketplace. Google is a company that has put itself in front of society as the authority on the ranking of websites—so it must take a stance on what Google thinks is important to society. This opinion is clearly seen by observing that Google has based its ideas and positioning on its company ethos, which is, “Do No Evil.”¹

Google's brand name is so strong that it states that, “Google doesn't spend money advertising; it spends money making sure the product is the best and that consumers use it. As a consequence, the brand gets stronger” (Burrell, p. 1). Google isn't finished yet with its positioning on the Internet; it claims to have only indexed, “8,058,044,651” web pages on its servers. Google states that the eight-billion plus number is important, because it believes that “Less than 10 percent of the world's

¹ Burrell, Ian, *The Interview Nikesh Arora: We're Living in a Google World*. (5 June 2005), p. 1.

information is online today. The remaining 90 percent is still out there on television programs, on radio stations, and in books in libraries” (Burrell, p.1).

Google gets paid, based on the fact that people who use its search results are viewing advertising. Google makes money when “someone clicks on the commercial link—something that's happening with increasing frequency, prodding advertisers to pay a higher price to have their messages displayed”²

Google is a publicly traded company, so its stock prices are an important factor in evaluating how the company runs, showing the success of their decisions. Google, unlike most publicly traded companies, “refuses to forecast its future earnings, leaving it to analysts to try to figure it out on their own” (Liedtke, p.1.). When the stock was released to the public, it was around \$85.00 a share; today, the stock trades around \$297.25.

One of the common thoughts about Google it that “Google make the Rules.”³ This is an interesting commentary on how Google works, what some of the common misperceptions are, and where they are going next. Misperceptions abound, such as: “Google is just a baby-Microsoft, posed to take over the world,” or “Google product line is splintered and too diversified to continue to hold market share” (Levy, 2005).

Some interesting points about Google are that they overlook short term revenues and focus on the long term, even including in their IPO that they, “weren’t overly concerned about quarterly results” (Levy, 2005). Google doesn’t want to be considered with the likes of Microsoft, and stating a core value in their IPO, “Don’t be Evil.”

One of the other things to be noted about Google is the allocation of resources to Google’s business plan. Co-founder Sergey Brin created a mathematical formula to focus time and effort on the

² Liedtke, Michael, *Google's Stock Soars to New High*. *Associated Press*. (22 April 2005), p.1.

³ Levy, Steven, *Living by Google Rules*. *Newsweek*. (2005, April 11). Vol. 145, Issue No. 15, p. 72.

core business. The model is 70-20-10, which means that Google spends 70 percent of time and resources on its core business, 20 percent on products like G-Mail, and 10 percent on products unrelated to its core business, such as Keyhole Mapping software. In the long run, Google would like to focus their efforts into integrating products and services together, and not to appear so splintered (Levy, 2005).

Google is an organization with foundations strongly based in technology, which has found tremendous success in the marketplace. As Google has gained the trust of the public, and built market share, the organization has shifted away from being the only a technical company—becoming a personable service company, as well. As Google moves forward today, it is business positioned to serve the Internet community and the world. The mission statement says it all—Google’s aim is “to make the entire world’s information readily available to everybody” (Levy, 2005).

References

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